

Metro Transit General Manager's Report

**Regional Transit Committee
March 20, 2013**



Purpose Today

- Briefly review Strategic Plan for Public Transportation and highlight 2012 system changes
- Recap Metro's financial situation
- Status of funding discussions in Olympia
- Looking ahead to upcoming Service Guidelines Report



Strategic Plan for Public Transportation

Guiding Metro toward a vision for public transportation

- Builds on King County's Strategic Plan 2010-2014
- Drawn from the recommendations of the Regional Transit Task Force in 2010

Navigating the road ahead to meet complex challenges

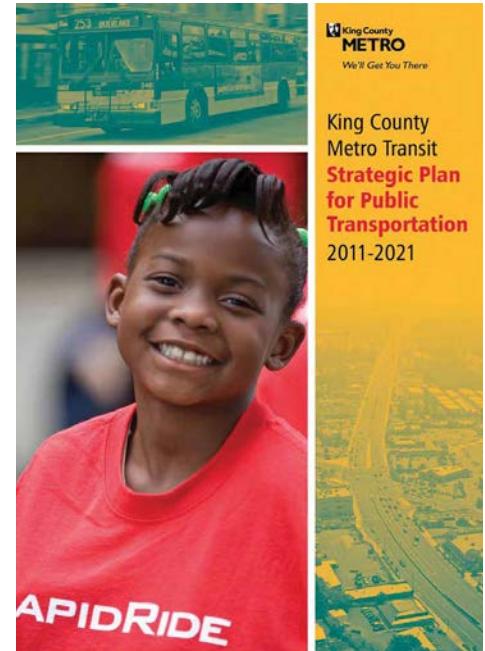
- 8 goals
- 17 objectives

Ensuring success

- Requires Metro to monitor performance and measure success in achieving the plan's objectives, goals and vision

Managing the system

- Includes service guidelines to help plan and manage the transit system and enable the public to see the basis of proposals to expand, reduce or revise service

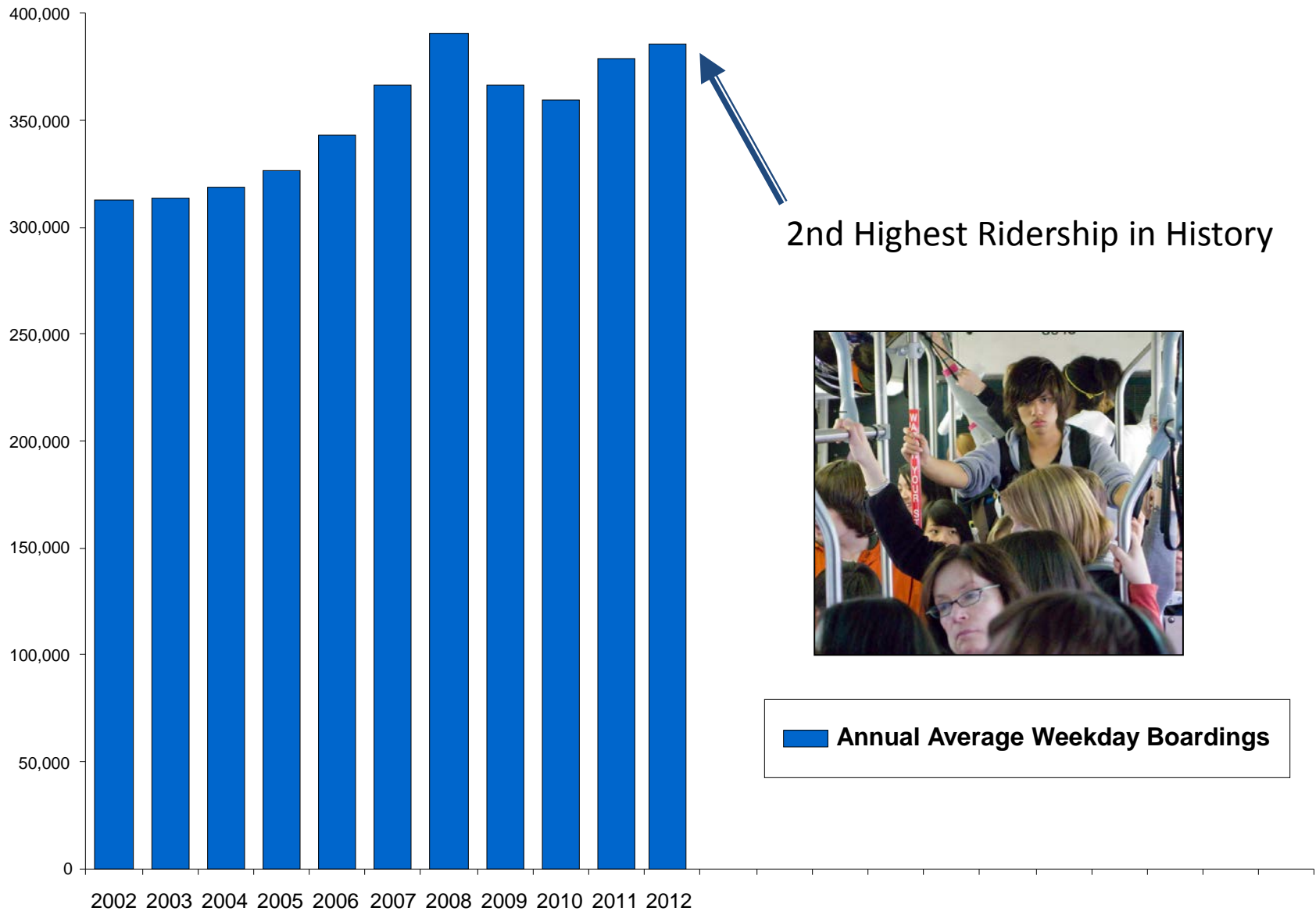


2012: Big System Changes

- Largest service change in agency history including the launch of two new RapidRide lines
- First application of service guidelines approach to managing the system
- Eliminated the downtown Seattle Ride Free Area
- Transitioned to pay-on-entry throughout the system

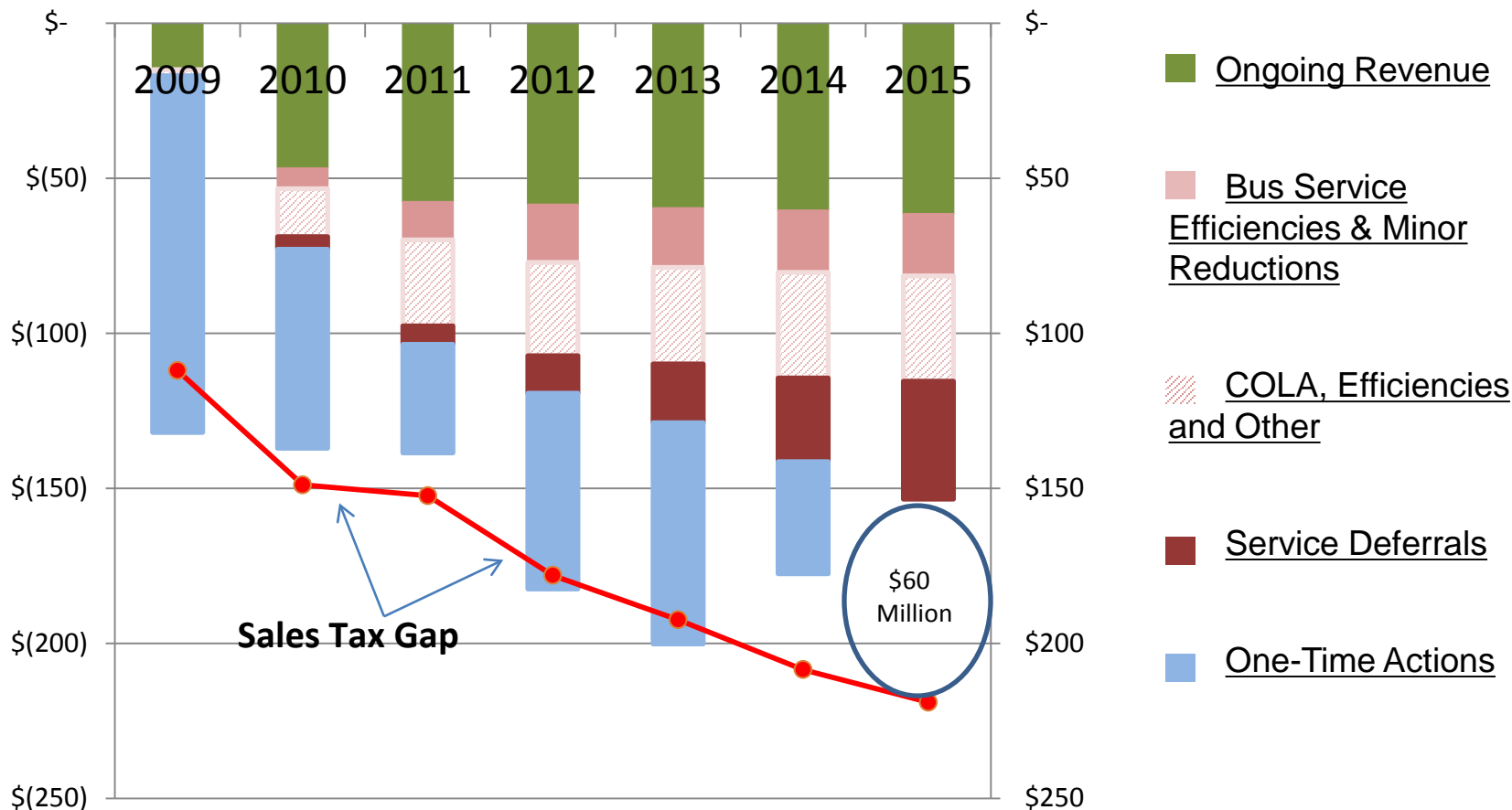


Average Weekday Ridership on Metro's Buses and Trolleys



Metro's Financial Picture: Closing the Transit Budget Gap

(\$ in millions)



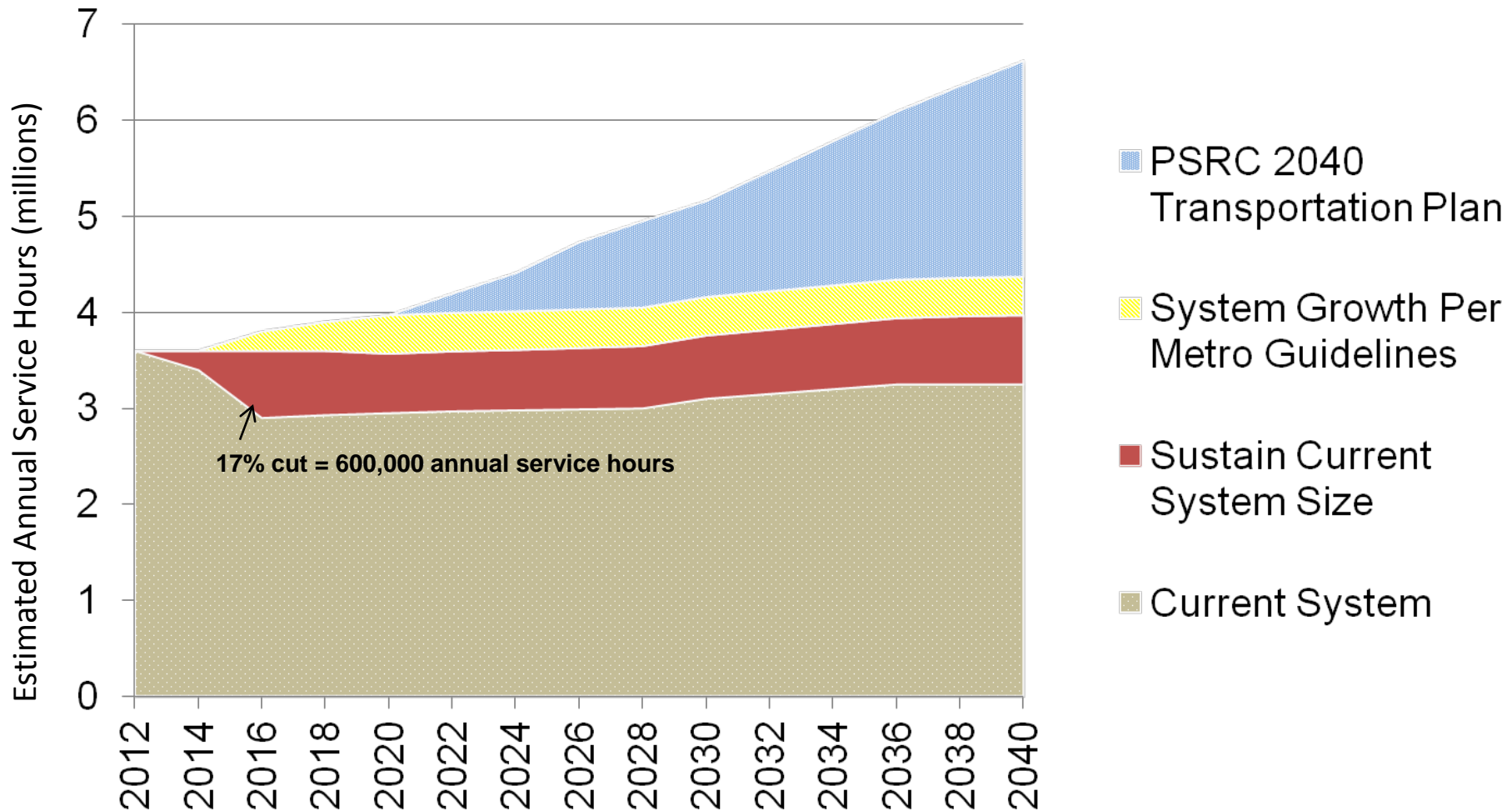
In addition to closing the gap for annual bus service, funds are needed to purchase buses to operate the service. Assuming debt financing, this cost is estimated at \$15 million per year for 12 years.



King County
METRO

We'll Get You There.

Metro Service Needs



2013/2014 Transit Budget

- Assumes no new revenue
- Total sales tax growth expected to be around 4%
- Farebox recovery estimated to stay above target at around 26%
- Continues to spend down reserves
- Continues to implement efficiencies like those identified in the 2009 Transit Performance Audit
- Fare increase not assumed in the adopted budget but likely forthcoming in 2014.
- Alaskan Way Viaduct mitigation funding ends in June 2014
- Temporary Congestion Reduction Charge expires in June 2014 (generates about \$52 million over the two-years)
- 145,000 hours of service reductions beginning fall of 2014
- Remainder of 600,000 hours of service reductions would take place in 2015



Proposed Package of Transportation Funding Tools

Sound Cities Association, Seattle and King County have joined together to request a package of transportation funding tools and a balanced distribution of revenues:

- **8 cent increase in state gas tax**
 - 65% would go to highways and ferries; 12% to counties; 18% to cities; 4% to the Transportation Improvement Board, and 1% to County Road Admin Board
- **\$40 councilmanic Transportation Benefit District vehicle fee**
 - Increase the vehicle fee from \$20 to \$40
- **1.5% local Motor Vehicle Excise Tax renewal fee**
 - 60% would be for transit
 - 40% for distribution to cities and the county by population for other critical transportation needs

House Bill 1959: Concerning Local Transportation Revenue

Brief Summary of Bill

- Allows a transportation benefit district to impose a local annual vehicle fee of up to \$40 upon a majority vote of the governing body
- Allows a county with a population of 1,000,000 or more to impose a motor vehicle excise tax (MVET) of up to 1.5 percent of the value of a vehicle with approval of the voters or upon a majority vote of the county council
- Requires 60 percent of the proceeds of the MVET to be used for public transportation systems and 40 percent to be distributed on a pro rate basis to cities, towns and the county for local roads



Without New Revenue: Metro Service Reductions



- Metro plays an important role in making the region's transportation system work
- Ridership is growing and demand will continue as the region grows
- Temporary Congestion Reduction Charge expires mid 2014
- Without new revenue, Metro will prepare to cut up to 17% in service
- These service reductions could impact as many as 70 percent of routes in the system
- Pending Service Guidelines Report will illustrate types of potential service reductions



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March 11, 2013

Coalition of business and civic leaders call on Legislature for both local and statewide transportation funding to "Keep King County Moving"

"Without the authority for local transportation funding, Washington will lose our hard-earned economic advantage," says King County Executive Dow Constantine

Courtesy Downtown Seattle Association

Regional leaders from business, labor, education, and grassroots organizations today called for action by state lawmakers on essential local and statewide transportation funding that is needed to "Keep King County Moving."

At a news conference in Seattle's Pioneer Square hosted by Dan Greenshields, the president of ShareBuilder by Capital One, leaders called out the critical need for a robust statewide transportation package, including a local option revenue tool, to address needed transit funding and roads maintenance needs in King County.

In January of this year, King County Executive Dow Constantine, Seattle Mayor Mike McGinn, and the Sound Cities Association representing 35 King County cities, called on State Legislators to take immediate action on a transportation funding package that will preserve mobility and jobs throughout the county. As the Legislature heads into the second half of the session, the transportation coalition - expanded with business, civic, education and environmental stakeholders - again entreats lawmakers in Olympia to act.

"Half the payroll in this state is here in King County. To keep and grow those jobs we must be able to move people and goods - and that means saving Metro bus service and maintaining our roads and bridges," said King County Executive Dow Constantine. "Without the authority for local transportation funding, Washington will lose our hard-earned economic advantage."

"Our regional economy is finally emerging from the recession. But our businesses and residents will suffer if we cannot continue transit service or maintain our roads and bridges," said Seattle Mayor Mike McGinn. "We need local revenue options so we can provide better transportation and continue supporting economic recovery in Washington State."

"Most people live in cities where local roads get us from home to work, school, businesses, health care and recreation; local roads link us to our communities," said Redmond Mayor John Marchione. "Investing now to maintain these roads will save us money in the long run, as it will only be more expensive in the future. To miss this opportunity will hurt our economic momentum and undermine the links that connect us to our communities."

A balanced statewide transportation package would address both the repair and maintenance of critical roadways, and sustainable investment in transit. Cities and King County maintain more than 7,000 miles of roads and bridges yet have faced downturns in revenue over the last decade.

As a result, significant backlogs threaten the safety and viability of these important thoroughfares.

"In order to provide for a vibrant economy our civic leaders are stepping up to address our growing transportation challenges head on," said David Freiboth, Executive Secretary Treasurer of the M.L. King County Labor Council. "The Labor Council supports and will assist dynamic leadership committed to breaking the political gridlock and moving infrastructure projects forward."

"We need to invest in transportation to keep our economy moving" said Chamber President & CEO Maud Daudon. "Our goods need to get to the ports, our people need to get to their jobs, and we cannot afford to get any further behind in making these necessary investments - we need action by our legislators in 2013."

King County Metro delivered transit access to more than 115 million riders last year, a number that is only expected to rise. As the region's economy continues to grow out of the recession, transit plays an increasingly key part in connecting people with jobs.

Downtown Seattle Association President & CEO Kate Joncas said, "One in five jobs in King County is in Downtown Seattle, and more people get to those jobs on transit than by any other means. The numbers are clear: reliable transit and well-maintained roads are critical to Downtown Seattle - and the region's economic competitiveness. Major employers want their employees to have access to effective transit and commuters through the region depend on reliable access to Downtown. If we can no longer provide that then we're at a competitive disadvantage."

"We've significantly reduced Metro's labor, operating, and capital costs; raised fares several times; and made our transit system substantially more efficient and productive, but without additional revenue options, we cannot sustain our transit system. The people of King County will face gridlock and fewer, far more expensive options for getting to work. Sustaining funding for Metro Transit is critical to maintaining the strength of our regional and statewide economy," said Councilmember Larry Phillips, Chair of the Transportation, Economy, and Environment Committee.

"Behind the need to invest in our transit system are real riders - real people - who will be hurt if efforts are unsuccessful," said Josh Kavanagh, Director of Transportation at the University of Washington. "This includes the thousands of students in King County - 37% - who rely on the bus to get to school every day. These are our future workers, and the people who will be directly hurt by transportation cuts if solutions aren't found."

The transportation coalition to "Keep King County Moving" will continue to advocate for and work with state lawmakers as they consider several transportation revenue packages this year.



Funding shortfalls threaten the ability to provide adequate plowing during snow storms.



Improvements to crowded city arterials can ease access to the state highway system.



Metro's RapidRide C Line takes many full loads of commuters to downtown Seattle.

Moving Ahead Together

A partnership to seek transportation funding tools

The Sound Cities Association, King County, and the City of Seattle have joined together to ask the legislature for a new set of local transportation funding tools.

Robust transit service and an up-to-date and well-maintained system of regional roads, bridges, city streets, sidewalks and trails are essential to keep people and our economy moving.

An adequately funded transportation system is especially important in King County, which has 29 percent of the state's population and 40 percent of its jobs. But current transportation funding falls far short of the needs—threatening our mobility and our economy.

New funding will enable us to maintain transit service, meet critical roadway needs, and keep our economy on the path to prosperity.



Damaged roads in rural King County can be costly to repair.



Repavement of city streets improves travel and extends the life of the roadway.



Added transit service on SR 520 has attracted 3,800 new riders, but a looming revenue shortfall threatens Metro's ability to sustain its service.

TRANSIT: Funding is critical to maintain service, get people to jobs, schools

King County Metro Transit delivered over 115 million passenger trips in 2012, and ridership is expected to grow.

Metro's revenue from sales tax, which makes up 60 percent of its operating funds, has dropped steeply. King County has taken many actions to narrow the budget gap, including adopting a temporary congestion reduction charge that raises about \$25 million a year but expires in mid 2014.

Metro faces a \$75 million ongoing annual revenue shortfall. Without new funding, service will be cut by about 17 percent beginning in fall 2014.

A reduction of that magnitude would exceed the amount of service Metro adds for commuters during weekday peak periods. Service deletions, reductions or revisions would affect about 70 percent of Metro riders, who would



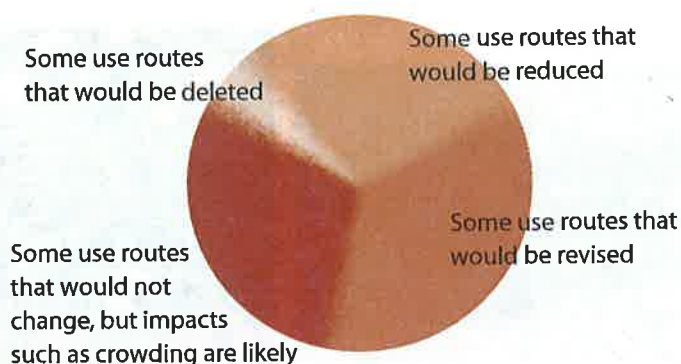
have to walk farther or wait longer between buses. Even more would ride crowded buses—or be left at the curb as full buses pass them by.

Our economy would feel the impact as well. Businesses rely on Metro to get their employees to work; more than 1,500 companies provide bus

passes to their employees. More than half of Metro's passengers are commuters.

Traffic congestion would worsen. Metro's current service level keeps about 175,000 cars off our roads every weekday. Public transportation yields more than \$300 million per year in time and fuel savings for drivers*.

How would current riders be affected by a service cut of about 17 percent?



Preserving Metro's role in reducing congestion is critical — especially during the region's major construction projects on SR 520, I-90, I-405 and SR 99.

The proposed funding package would generate \$85 million per year for transit, enabling Metro to:

- **Continue supporting economic growth by preserving the current overall level of service.**
- **Make modest investments in new service where it's needed most.**

Although the proposed funding would not enable Metro to fully meet the needs of underserved corridors or growing centers, it would provide for some modest service additions.

*Source: Texas Transportation Institute

Facing a \$1.2 billion shortfall for 2008-2015, Metro has been cutting costs, raising revenue, finding new efficiencies

Metro and King County leaders have taken many actions to cut costs and increase revenue, yielding ongoing benefits. Some temporary actions, such as the use of reserves, will be exhausted after 2013.

Ongoing cost reductions

- Made staff cuts and program reductions
- Adopted efficiency measures recommended in a performance audit, savings about \$20 million annually
- Made modest reductions in bus service
- Negotiated cost-saving labor agreements

Ongoing revenue increases

- Raised fares four times in four consecutive years—

a total 80 percent increase

- Shifted property tax from county ferries to Metro

Temporary actions

- Dug deeply into reserve funds
- Deferred replacement bus purchases
- Deferred most planned service expansion
- Adopted two-year congestion reduction charge

Metro and the County continue to adopt new cost saving measures, such as eliminating Seattle's Ride Free Area and substantially reducing employee health care costs. Metro also revamped the transit system to become more productive, serving more riders within existing resources.

ROADS & BRIDGES: Preservation and improvement depends on funding

Cities and King County maintain nearly 7,000 miles of roadway plus bridges, culverts, sidewalks and trails.

Local governments have experienced a substantial downturn in revenues this past decade. Contributing factors include reductions in car tab fees; the 1 percent limit on annual property tax increases (typically below the rate of inflation); and serious reductions in real property assessed values, real estate excise tax, utility tax, sales tax and development fee revenues.

Cities maintain 5,500 miles of streets plus bridges, sidewalks, drainage systems, traffic signals and trails. Existing facilities are aging. Revenue sources currently available to cities are not keeping pace with the costs of replacement and expansion to meet growth.

King County Road Services is responsible for about 1,500 miles of county roads that carry more than 1 million trips per day, 180 bridges, culverts, and other transportation infrastructure. This system has some of the oldest roads in the state and needs substantial investments, but Road Services funding from local property tax, gas tax and grants has declined by one-third since 2009, and will continue to fall.



Storm damage on Holmes Point Drive NE, Kirkland.

The mechanisms for funding roads haven't been updated in 25 years and they no longer work. Additional funding is critical to maintain existing transportation infrastructure in a safe and usable state. We estimate a total unfunded need of \$4.9 billion for roadways and bridges in King County over the next six years.

The proposed funding package would generate \$105 million annually for cities, to be distributed on the basis of population and used for the transportation needs they determine are most important. It would generate \$20 million per year for King County Road Services. This funding would enable cities and the county to:

- **Repave the heaviest-volume roads.**
- **Rehab or replace bridges that otherwise would have to be closed.**
- **Improve the safety of city and county roads.**
- **Improve flooding/stormwater management.**
- **Widen roads and improve signals where needed to improve roadway carrying capacity.**
- **Stem the decline of roadway assets to avoid high replacement costs in the future.**

Proposed package of local transportation funding tools

Recognizing that the needs are greater than any single tool could address, Sound Cities Association, Seattle and King County are proposing a package of transportation funding tools and a balanced distribution of revenues:

- **8¢ increase in state gas tax**

65% would go to the state for highways and ferries, 12% to counties, 18% to cities, 4% to the Transportation Improvement Board and 1% to the County Roads Administration Board.

- **\$40 councilmanic TBD vehicle fee**

Increase the vehicle fee that Transportation Benefit Districts can approve from \$20 to \$40.

- **1.5% MVET renewal fee**

King County would be authorized to impose this fee, which would be based on vehicle value, through a council vote or a vote of the people. The fee would not apply to new vehicles or to commercial vehicles and trailers.

This fee would generate approximately \$140 million in 2014. Sixty percent (\$85 million) would be allocated to transit. Forty percent (\$55 million) would be distributed to cities and the county by population, for the other critical local transportation needs within cities and unincorporated King County.

The average car owner would pay \$50 to \$80 per year more for each vehicle owned. (Based on the DOL average used passenger car value in King County of \$6,756, and net impact after eliminating the existing \$20 congestion reduction charge and assuming a federal tax deduction and new car purchase every fifth year.)

Examples of needs that might be addressed



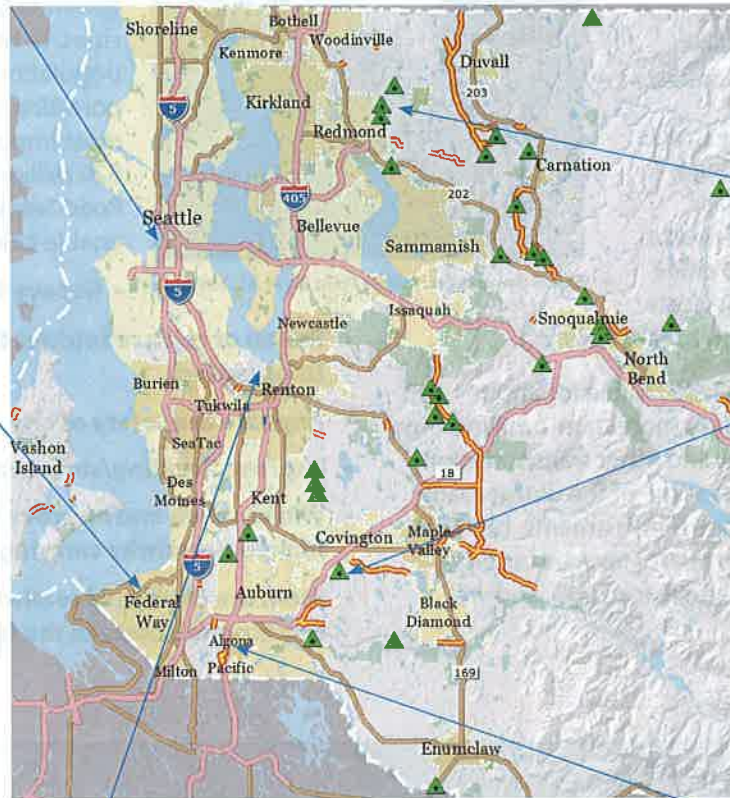
Preservation of Seattle streets is a pressing need to protect public safety.



Suburban cities will need to spend millions preserving existing streets—and current revenues are not keeping pace with these needs.



Improvements that reduce traffic congestion in regional growth centers like downtown Federal Way will enhance quality of life and our region's prosperity.



Substandard County bridges (▲) and road segments (≈), including the Bear Creek and Berrydale bridges, are at risk of failure or closure.



Rainier Ave South carries 50,000 vehicles per day, including 473 bus trips. Improvements are needed to reduce congestion and accidents and to enhance transit and pedestrian travel. Phase 1 is under way; new funding could pay for Phase 2.



West Valley Highway, linking Kent, Auburn, Algonia, and Pacific, is at the end of its useful life. It must be closed within a few years if funding is not available to rebuild it. The road's role as a collector/distributor for Hwy 167 would be lost.

For more information:

Sound Cities Association - www.soundcities.org

Deanna Dawson, Executive Director – 206-433-7170, deanna@suburbancities.org

City of Seattle - www.seattle.gov

Rob Gala, Regional Affairs Manager – 206-233-0073, rob.gala@seattle.gov

Craig Engelking, State Legislative Director – 206-255-5508, craig.engelking@seattle.gov

King County - www.kingcounty.gov/TransportationFuture

Harold S. Taniguchi, Director, Dept. of Transportation – 206-684-1441, harold.taniguchi@kingcounty.gov

Genesee Adkins, Director of Government Relations – 206-263-9628, genesee.adkins@kingcounty.gov

"Brainstorming" Notes from the February 20, 2013 RTC Meeting

Long Range Plan - Brainstorming

- Integrate with all jurisdictions' comp plan
- What would facilitate transit?
- Public/private partnerships facilitate transit
- Role congestion and transit
- Consistent with PSRC time horizon
- ST coordination Long-Range Plan other providers
- Integrated transit/modal plan
 - ↓ (*leads to an understanding of*)
 - Infrastructure, service
- Updated periodic (5 yrs?) consistent w/ financial
- Consider long term funding (balance w/ existing)
- Menu of actions cities can take to bring more service
- Identify capital investment places
- Identify where (both ways) future routes go to provide zoning/policy decisions
- Growth projections – (Region) population changes
- Incentives/partnerships
- Understanding unmet need
- Role transit play – where development expected
- Work with jurisdictions to understand service costs to meet needs
- Need to consider current list of unmet need
- Public tolerance

Partnerships

- Limited \$
- What is definition Partnership?
- Where does \$ come from? Who loses service?
- Rise in priority list if willing to make investments or policy decisions

Adding a New Priority Investment Category as Part of the 2013 Transit Strategic Plan Update

Legal review found that due to the specific wording at the end of the first paragraph of this section:

"At a minimum, the legislation and update **should** include refinements to the guidelines' methodology to:" (emphasis added)

addressing Ordinance 17143, Section 8, subsection D was not a legal requirement but rather a consideration (albeit an important consideration to the adoption of the original Strategic Plan for Public Transportation).

As such, it is our understanding that the Executive will not be proposing a new category at this time. The Executive and Metro are committed to working with RTC membership to identify what "new" funding categories might be considered and to assist in the evaluation of those concepts.

All with the caveat that should no new local revenue option be provided through the Legislature, the County's highest priority will be the careful planning of a dramatic reduction of the Metro transit system.



King County

Transportation, Economy and Environment Committee

STAFF REPORT

Agenda Item:	10	Name:	Paul Carlson
Proposed No.:	2013-B0030	Date:	March 19, 2013
Invited:	Kevin Desmond, General Manager, King County Transit Division		

SUBJECT

Transit mitigation for the Alaskan Way Viaduct Replacement Project.

SUMMARY

The Washington State Department of Transportation (“WSDOT”) project to replace the Alaskan Way Viaduct is a multi-phase megaproject. In agreements between the state and the County, Metro has been providing additional transit service as mitigation for the construction impacts of some elements of the megaproject. Those mitigation agreements expire in June 2014 and there is no agreement for future transit service mitigation to be provided by Metro Transit. Today’s briefing is focused on the expected traffic impacts resulting from the expiration of the existing mitigation agreements and from upcoming construction of the next major phase of the Replacement Project, namely the Central Waterfront bored tunnel component of the megaproject.

BACKGROUND:

Transit service as a mitigation for construction impacts is in place for some of WSDOT’s “Early Action” projects of the Viaduct Replacement Project. These include the northern and southern ends of the overall project alignment, and were initiated before the Central Waterfront portion of the Viaduct replacement was still in the planning stage.¹ With the completion of these projects, expected in June 2014, WSDOT will cease to fund additional transit service as mitigation for the next major phase of the Viaduct project - the Central Waterfront.

On September 13, 2011, the Committee reviewed Proposed Ordinance 2011-0367, which approved extension of the mitigation agreements to June 30, 2014. The staff report included these paragraphs:

¹ At that time, WSDOT determined that these Early Action projects would be substantially the same regardless of the design chosen for the Central Waterfront project element

"The revised agreements, like the originals, only provide for mitigation of the [Early Action] projects. There is no agreement to provide transit mitigation for the impacts of the work on WSDOT's Central Waterfront Viaduct replacement construction work.

County Executive Sims joined with Governor Gregoire and Mayor Nickels in a conceptual agreement, never brought to the County Council for approval, which called for the State to authorize the County to assess a Motor Vehicle Excise Tax ("MVET") for transit purposes. The Executive would have proposed to use some MVET revenue for Viaduct mitigation transit service. The Legislature did not enact the MVET authority. Therefore, still unresolved is the issue of transit mitigation for the Central Waterfront element of the Viaduct project."

The original mitigation agreements were approved in 2008 when WSDOT contracted with the County for the provision of transit service by the Metro Transit Division to mitigate the traffic impacts of Early Action project construction. In 2011, the mitigation agreements were amended. The Agreements are effective through June 2014.

Three separate agreements provide for WSDOT payment to the County. They include:

- (1) **Enhanced Transit Services** – up to \$29.7 million for additional bus service and schedule adjustments;
- (2) **Expanded Bus Monitoring** – up to \$545,000 for bus corridor monitoring in Seattle's Central Business District; and
- (3) **Transportation Demand Management** – up to \$1.7 million for Transportation Demand Management ("TDM") measures for Downtown Seattle and the South End.

As is apparent from the listing above, the loss of the funding through the **Enhanced Transit Services** agreement will have the most impact on service to Metro riders.

The Enhanced Transit Service, which over the four years the agreement will be in place, will provide up to \$29.7 million for additional bus service and schedule adjustments (including West Seattle Water Taxi service, which became eligible in 2011). The purpose of this agreement is to reduce congestion by increasing ridership on bus routes that serve corridors affected by construction. The agreement accomplishes this in two ways, by improving or maintaining the reliability of bus routes, and by enhancing the attractiveness of transit service. The mitigation funds have proven to improve service reliability by covering the increase cost caused by slower travel times and by adding bus trips; both actions made riding the bus easier and a more attractive travel choice for more trips along the corridor. For some routes, additional service hours are added to the schedule because a trip takes longer due to construction-related delays. The most recent Transit Division information indicates that 16 bus routes have additional service hours responding to construction-related delays, including the RapidRide C Line. Six

bus routes had additional bus trips added to the schedule, including the Routes 120 and 358.

In 2010, 8,896 hours were purchased on regular Metro bus service; 32,468 hours were purchased in 2011; and 48,667 hours were purchased in 2012. In addition, 2,330 hours were purchased on West Seattle Water Taxi and Water Taxi Shuttle service in 2012.

Below is a chart showing those bus routes that will benefit from WSDOT **Enhanced Transit Services** mitigation funding for the Spring 2013 Service change. Hours are adjusted with each of the three Metro service changes (February, June, and September/October).

WSDOT-funded Service Hours by Route for Spring 2013

Route	WSDOT Investments					Total Annual Hours (WSDOT & Metro)
	Daily Hours				Total Annual Hours Invested	
	Schedule Adjustments			Trip Adds (Weekdays)		
	Weekday	Saturday	Sunday			
C Line	22.04	10.37	7.03		6,568	58,336
18X				6.4	1,632	4,862
21	12.00	15.55	11.42		4,531	36,390
21X	7.16			8.50	3,994	6,932
37	1.79				456	2,694
55	3.58				913	5,618
56X	2.97			4.47	1,898	5,154
57X	2.90				740	2,495
113	3.13				799	2,937
116EX	1.60				408	6,629
118EX	0.36				91	2,380
119EX	0.18				45	1,309
120	23.32	7.61	3.47	19.22	11,445	65,100
121	8.13			6.52	3,736	11,964
122	5.25				1,339	6,690
123	3.31				844	3,073
125	10.61	2.35			2,827	15,655
358				14.00	3,570	70,440
Grand Total	108.34	35.88	21.92	59.1	45,836	308,658

In addition, 2,200 are projected to be purchased on West Seattle Water Taxi and Water Taxi Shuttle service in 2013.

For 2014, the estimated WSDOT investment for bus service will be 24,000 hours and 1,500 hours on West Seattle Water Taxi and Water Taxi Shuttle service. Actual future service could vary depending on actual costs and needs.

The end of Early Project transit mitigation funding occurs at the same time as the temporary Congestion Reduction Charge expires. Absent an additional, stable funding source, the adopted 2013-2014 biennial transit budget assumes that initial bus service reductions will occur in Fall 2014. The details of these reductions will be affected by several “unknowns,” including:

- The Spring 2013 ridership data, which will be used to update the route performance and corridor information that guides decisions about bus schedule changes;
- The state of Transit Division finances; and
- Any new developments regarding the Viaduct mitigation, including a change in the nature of construction-related delays.

Because of these uncertainties, it is not possible to state definitively what would be the impacts of a drawdown of Viaduct mitigation bus service hours in 2014.

A copy of the Transit Division's power point presentation will handed out at committee.

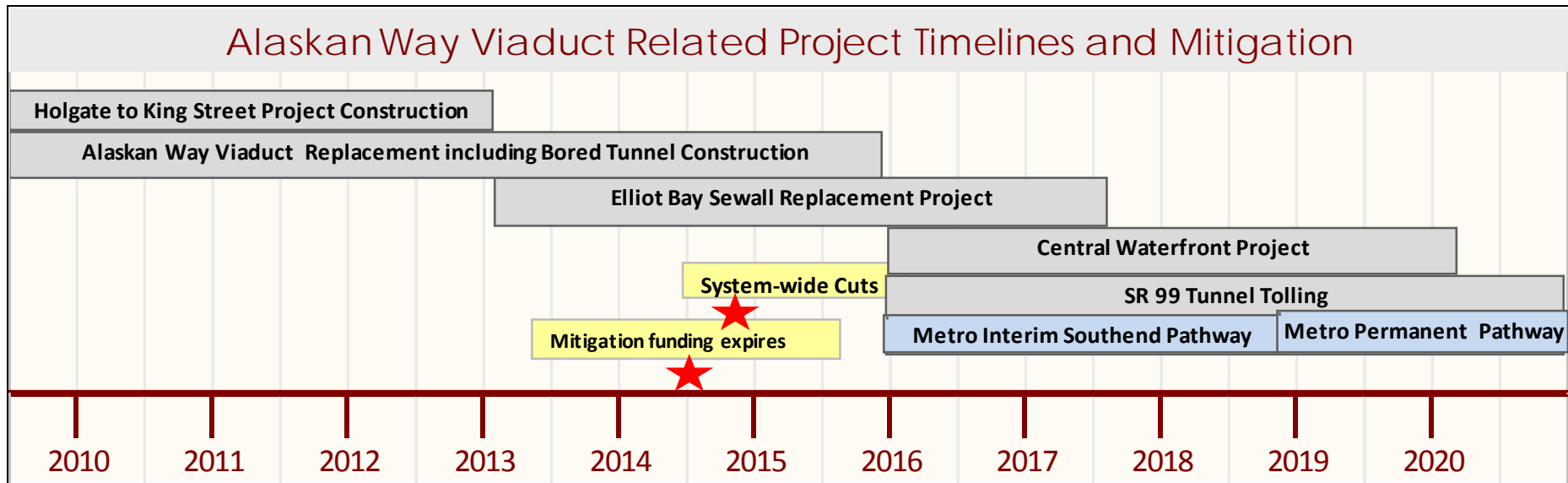
Keeping Downtown Seattle Moving

Transportation, Economy and Environment Committee
King County Council
March 2013

Mobility Challenges Ahead

- Viaduct mitigation expires June 2014
- Potential system-wide service cuts begin in 2014
- Southend Pathways
- Downtown Construction Delays:
 - Bored Tunnel
 - Central Waterfront
 - Seawall Project

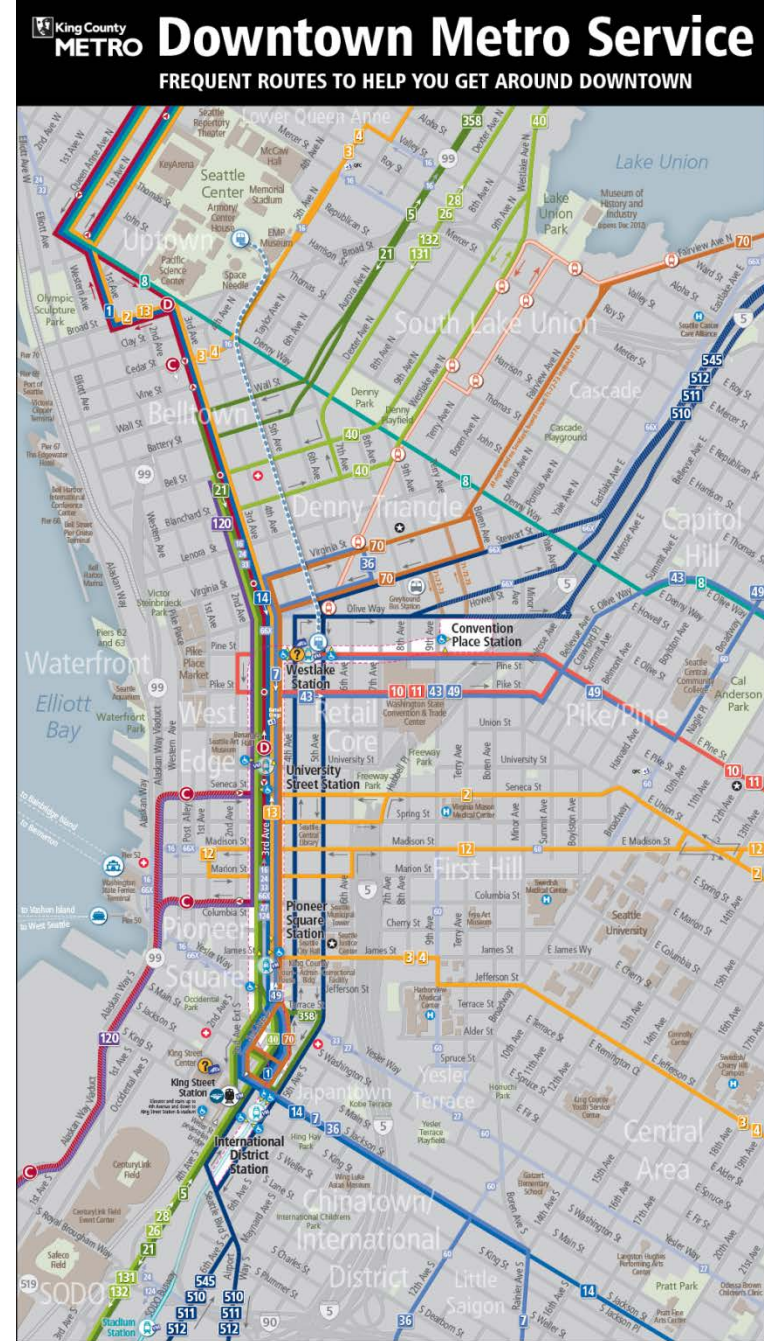
Alaskan Way Viaduct Related Project Timelines and Mitigation



Downtown Mobility depends on Transit

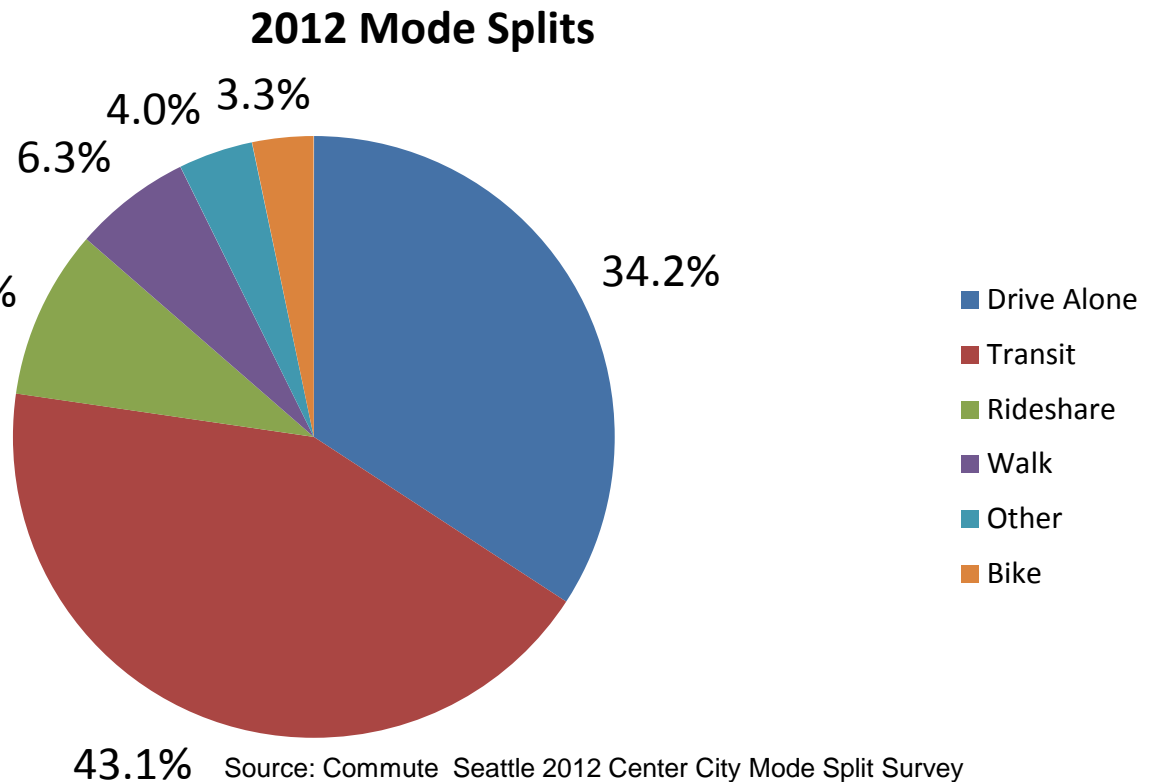
- 60.7 million annual rides in Seattle CBD
- 2.3 million annual bus trips through downtown Seattle

* Includes Metro and Sound Transit services



Over 40% transit mode split in downtown Seattle and growing

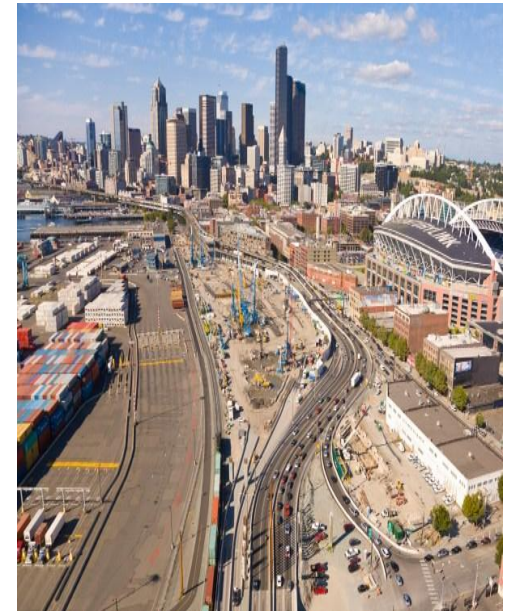
Two-thirds of commuters are traveling into downtown by modes other than driving alone



- Over 10% Growth Transit Mode Split in downtown since 2000
- Goal: 70% of downtown commuters do not drive alone

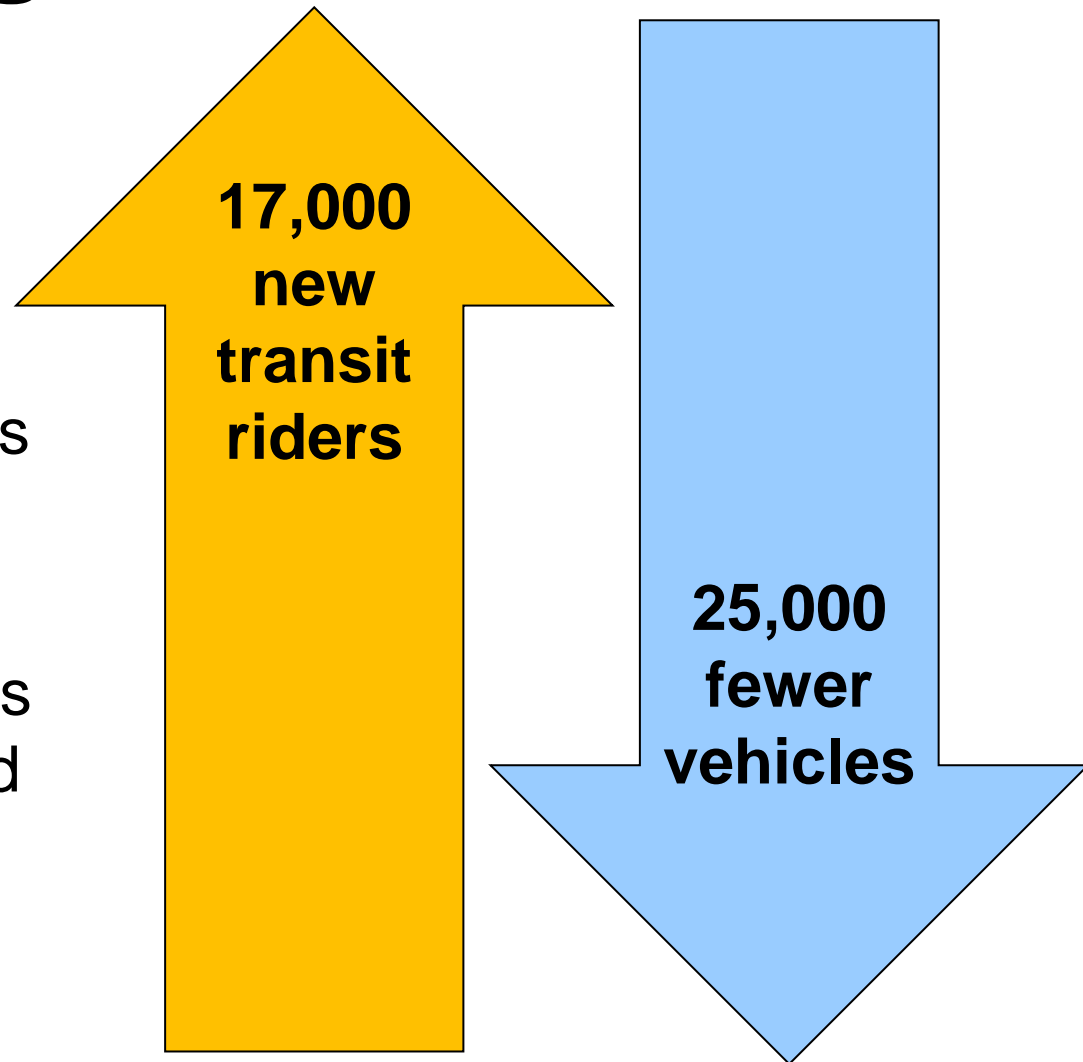
Construction mitigation is critical to keeping people moving

- WSDOT funding \$32 million in transit mitigation
- In 2010, Metro began adding trips and travel time for construction delays
- Investments on routes serving:
 - West Seattle to downtown
 - Ballard/Magnolia to downtown
 - Aurora to downtown
 - SODO/Georgetown to downtown
- Funding expires in June 2014



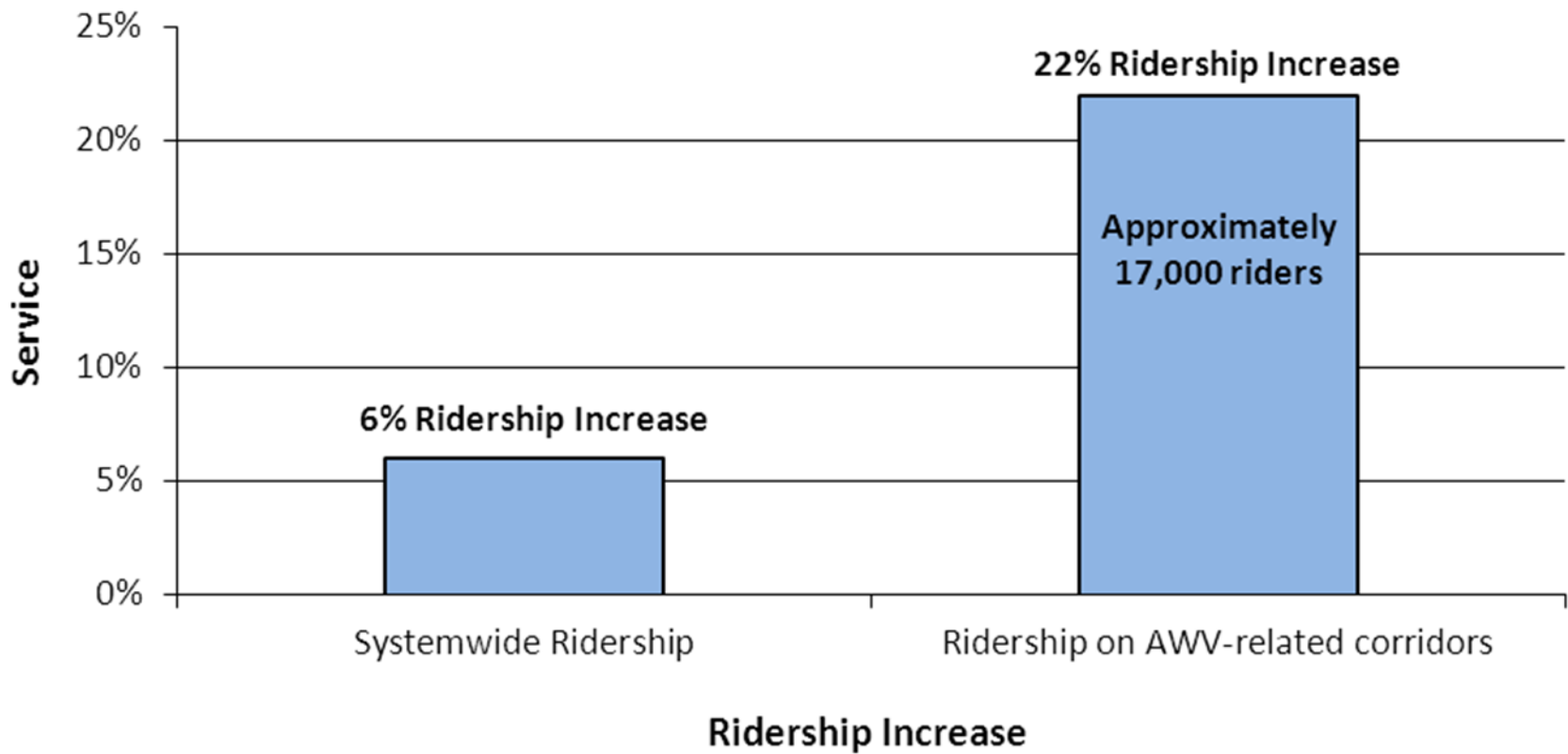
Transit Mitigation: It Works!

- Nearly 50% of people moving on Columbia Street ramp in the peak hour are on transit
- RapidRide C and D Lines
 - Carrying over 14,000 daily riders
 - Added trips to address overcrowding/demand on C Line



22% Increase in Ridership on AWW-related service

Ridership 2010-2012:
Systemwide compared to AWW-related corridors



Transit can help manage capacity on tolled facilities

- SR 520 Corridor
 - Ridership up nearly 25% since 2010
 - 9% Increase since tolling began.
- AWW Expert Review Panel stated importance of transit to meet program's mobility goals.
- ACTT Progress Report to Legislature:
 - Committee asks that “*a sustainable source be identified to support King County Metro.*”
 - “*Additional transit funding may be necessary to reduce impacts of diversion*”



Transit Service Gaps

1. Construction Phase
 - Bored Tunnel construction through 2016
 - Waterfront Projects: 2016 to 2019
2. Pathway Investments
 - Fast, reliable pathways from West Seattle and Southwest King County to downtown
3. Toll Diversion: Reduce impacts with additional transit service
4. Ongoing
 - 2014: System-wide service cuts with CRC expiration
 - Bored Tunnel Agreement



2009 Letter of Agreement: Consensus on Transit Improvements



Governor Christine O. Gregoire
State of Washington



Executive Ron Sims
King County



Mayor Gregory J. Nickels
City of Seattle

A Letter of Agreement
Between the State of Washington, King County, and the City of Seattle

January 13, 2009

Consensus on the Recommended Alternative for Replacing the
Alaskan Way Viaduct & Seawall

Over the course of the last 18 months, after developing and evaluating numerous scenarios, the State of Washington, City of Seattle, and King County have reached consensus on replacement for the SR 99 Alaskan Way Viaduct and Seawall.

We have decided jointly that a four-lane bored tunnel, together with improvements to city streets, the city waterfront, and transit, is the recommended alternative for replacing the existing viaduct, referred to as "The Project." This letter represents the governments' commitment to this solution and outlines responsibilities for funding and implementation.

The total estimated cost of this solution is approximately \$4.24 billion and the allocation of specific project responsibility to each jurisdiction carries with it the responsibility for project management, environmental work, design, construction, and project cost overruns.

The State of Washington is responsible for taking down the existing viaduct structure, building a bored tunnel from approximately north of S. Royal Brougham Way to Harrison St., providing a surface connection from approximately Yesler Way to Elliott Avenue, completion of the projects associated with the Moving Forward program and partial construction transportation mitigation. The total estimated cost to the State of this work is \$2.82 billion.

King County is responsible for additional Rapid Ride and peak express bus service to downtown Seattle. In addition, the County will simplify downtown trolley service and provide city street improvements related to improved bus operations. The total estimated cost of this work for King County is \$190 million in capital and \$15 million in annual operating expenses which shall be paid for through a countywide 1% Motor Vehicle Excise Tax imposed by the King County Council for transit services.

The City of Seattle is responsible for Seattle public utility relocation costs associated with the project, a promenade along the central waterfront, other city street improvements, and a First Avenue streetcar. The total estimated cost of this work for the City is \$937 million.

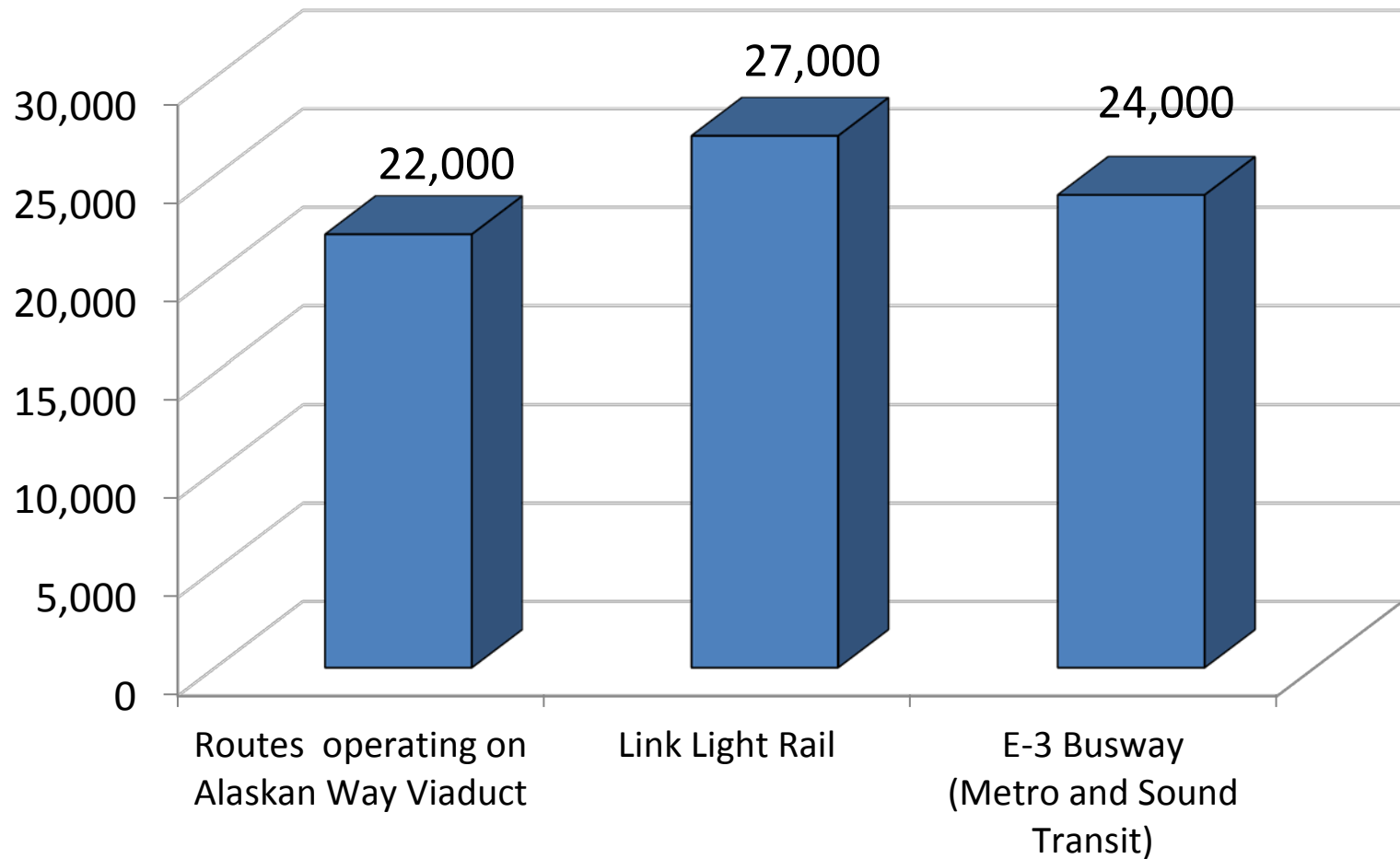
"The total estimated cost of this work for King County is \$190 million in capital and \$15 million in annual operating expenses which shall be paid for through a countywide 1% Motor Vehicle Excise Tax imposed by the King County Council for transit services."

Effective Tools to Consider

1. Increase transit capacity to meet demand
2. Transit Priority
3. Trolley Improvements and Transit Layover
4. Customer Service Enhancements
5. Invest in alternatives to driving alone

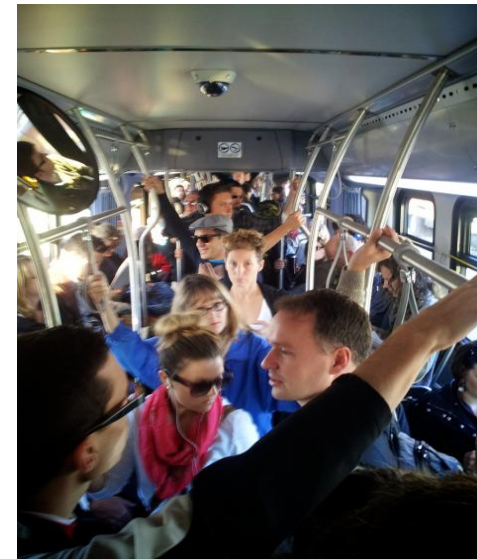


Estimated Weekday Ridership



Transit is part of the solution

1. Transit is vital to mobility in downtown Seattle.
2. Increasing demand for transit on SR 99
3. Mitigation is critical to keep people moving
 - SR 99 tunnel construction (2014-2016)
 - Waterfront projects (2016-2019)
 - Toll diversion (2016 and beyond)
4. Ongoing transit service gaps
 - Sustaining the current system
 - Bored Tunnel Program



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King County

Transportation, Economy and Environment Committee

STAFF REPORT

Agenda Item:	11	Name:	Paul Carlson
Proposed No.:	2013-B0031	Date:	March 19, 2013
	Kymber Waltmunson, Principal Management Auditor Larry Brubaker, Senior Principal Management Auditor		

SUBJECT

Follow-up on Implementation of the 2009 Transit Performance Audit.

SUMMARY:

This item address the County Auditor's final follow-up report on the 2009 Performance Audit of the Transit Division. The briefing will include a summary of findings and cost savings, and additional recommendations pertaining to vehicle procurement practices.

BACKGROUND:

In 2008 the Council initiated a performance audit of the Transit Division, which took on increased importance as the impact of the global recession on transit revenues became apparent. The audit was carried out jointly by a team of consultants and staff of the King County Auditor's Office.

The audit was completed in 2009 and identified 46 findings. The 2010-2011 biennial Transit Division budget, and subsequent budgets, identified savings from the implementation of audit findings. In April 2011, the Auditor released a memorandum identifying the status and results-to-date of implementation of the 2009 Transit Division performance audit.

In February 2013, the Auditor released the final follow-up memorandum (Attachment 1), which will be presented in this briefing.

ATTACHMENTS:

1. February 11, 2013 Auditor Follow-up Memorandum
2. March 12, 2013 Auditor Follow-up Memorandum

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King County Auditor's Office

Cheryle A. Broom, King County Auditor



King County

DATE: February 11, 2013

TO: Metropolitan King County Councilmembers

FROM: Cheryle A. Broom, King County Auditor

SUBJECT: Follow-up on Implementation of Recommendations from 2009 Performance Audit of Transit

This memorandum provides the results of a follow-up review of our 2009 Performance Audit of Transit. Overall, Transit has implemented the bulk of our audit recommendations, 35 of 51. They made significant progress toward addressing 10 of the remaining 16 recommendations and none of the recommendations are wholly unaddressed. Of particular note, Transit has been successful in implementing recommendations that will save \$21 million annually and has utilized \$100 million of the audit-identified unused fund balance.

Although a review of all 51 recommendations is included in this memo, some were completed in our first follow-up review in April 2011 and are detailed in the appendix.

Background

In 2009, the auditor's office completed a comprehensive performance audit of Transit that included six areas of focus: (A) financial and capital planning; (B) service development; (C) staffing; (D) paratransit; (E) vehicle maintenance; and (F) ridership data and emergency communication.

We found that the ways that Transit pursued its mission contributed to higher costs – a situation exacerbated by the fact that in the two years prior to the audit, and continuing forward, Transit's economic environment has resulted in dramatically reduced revenues, and in some areas, increased costs. Our audit focused on providing information that would result in cost savings and analyses that decision-makers could utilize when making policy decisions.

Summary of Findings and Cost Savings

Twenty-one recommendations were fully implemented in 2011. See Appendix A for detailed information. Of the 30 audit recommendations not completed at the first audit follow-up:

DONE	14	have been fully implemented
CLOSED	6	are substantially complete and/or will no longer be monitored by KCAO
PROGRESS	10	are in progress or partially implemented
OPEN	0	remain unresolved

Fully Implemented - DONE

Transit implemented many key recommendations in this period. Highlights include financial planning, service development, operator staffing, and paratransit operations.

Significant progress was made in Transit's financial and capital planning. Transit utilized \$100 million in the Revenue Fleet Replacement Fund that was not estimated to be needed for fleet replacement. They developed financial policies and made financial projections for grant revenue more robust.

Transit substantially implemented bus service efficiency recommendations. They report that, in total, they were able to capture 119,034 annual hours of service (approximately \$12 million). Transit states that as a result of implementing some service efficiencies service quality has declined as the 2009 audit anticipated may be the case. For example, weekday on time performance has decreased from 80% to 75% since 2009.

In our 2011 follow-up study, we indicated that Transit had implemented recommendations related to operator staffing that have resulted in staffing efficiencies and savings. We are now able to report that through closer monitoring of staffing needs, strategic hiring practices, more flexible use of part-time staff and the creation of a System Board (operators who can fill in for absences at any base), Transit has been able to reduce the number of reserve pool operators who fill in when other operators are absent. This has been accomplished without an increase in bus run cancellations. While it is difficult to determine the precise value of this staffing reduction, we believe that it may be producing savings in the range of \$3.6 million per year, expressed in 2009 dollars.

Further, Transit submitted a plan as part of their budget process containing Access service. Council required public outreach activities prior to implementing service contraction. If the Transit's plan moves forward, an additional \$2 million may be saved in 2013-2014. In addition, as a result of our recommended contract enforcement, Transit was able to improve service for Access users by decreasing missed trips by 36 percent.

No Longer Tracked - CLOSED

There are several recommendations that are either substantially complete and will no longer be tracked by the office, or have not been implemented but do not warrant further monitoring.

We made two overarching recommendations to Transit in 2009 related to changing the organizational culture that would leverage Transit efficiency and effectiveness for the long term. Transit substantially implemented these two recommendations. Their demonstrable progress toward adopting a culture of intentional planning and data-based decision-making is clear. Building on this foundation will continue at Transit, and KCAO will no longer prioritize these efforts for follow-up.

Transit did not concur with our recommendation to implement an Asset Management Guidebook. They state that they are in compliance with state and federal standards. Although implementation of our original recommendation would further improve Transit's asset management, we will no longer track implementation. Finally, although some efforts were made related to Ride Free Area analysis and Non-Revenue Vehicle fleet replacement, our recommendations are no longer applicable based on intervening events.

Partially Implemented - PROGRESS

In some cases, Transit has made progress toward implementing each of the remaining audit recommendations, but work remains for full implementation. These recommendations include facility master planning, fare policy updates, global optimization, Metro Transit Police planning, planned vs. unplanned maintenance work, maintenance productivity standards and program, and customer communication.

In the case of an economic replacement model to inform fleet replacement decisions, the model is complete; however, our office remains concerned about delay in utilization of this model that could result in unnecessary costs to the county. Because of our concerns, in February 2013 we will submit a more detailed memo under separate cover describing the issues and making recommendations for moving forward.

The following table shows a conservative estimate of the ongoing annual savings achieved by Transit to date. Additional annual savings or increased revenues may be captured as the remaining recommendations are fully implemented.

Summary of Potential Annual Savings, Revenue Opportunities, and One-Time Savings or Available Funds from Audit Recommendations All savings indicated are in 2009 dollars Transit Reported Actuals and Initial Projections		
Issue Area	<u>Actual</u> Cost Savings or Utilized Fund Balance 2009-2012	<u>Projected</u> Cost Savings or Available Fund Balance
One-Time Savings		
Revenue Fleet Replacement Fund Overfunding	\$100 million	\$105 million
Opportunities for Increased Annual Revenue		
Fare Changes	TBD	Up to \$53.8 million
Estimated Annual Savings in 2009 Dollars		
Replace Trolley With Hybrids	\$0 million	\$8.7 million
Scheduling Efficiencies	\$11.6 million	\$15.7 to \$22.7 million
Operator Staffing	\$3.6 million	No estimate
Reduce Access Services to ADA Requirements	TBD ¹	\$1 million
Meet Access Productivity Goal	\$1.2 million	\$2.8 million
Access CAT Program Expansion	\$4.7 million	\$2 million
TOTAL ESTIMATED ANNUAL SAVINGS	\$21.1 million	\$30.2 to \$37.2 million

Source: KCAO

¹ A proviso requires a report on April 1, 2013 on public outreach for the Executive proposed containment of ADA services. \$2.5 million was projected for 2013-2014 if implemented January 1, 2013. Savings for 2013-14 would be \$2.08 million if implemented on April 1, 2013. Savings expressed in 2012 dollars.

PLANNING AND ANALYSIS			
#	Quick Status	Recommendation	Status Detail
S1	CLOSED	Transit should address opportunities to enhance and expand the use of planning across the organization, especially those practices which would lead to increased efficiency and revenue generation. This planning should utilize a strategic approach that includes clear problem identification, goals for outcomes, and methods to measure progress.	Transit has made progress toward using a strategic approach to planning. They have utilized opportunities to expand planning efforts and regularly apply the results. Examples Transit cites are their approach to business planning and specific operational analyses. Although there continue to be opportunities to expand planning, sufficient progress has been made that this recommendation will not be prioritized for further follow-up.
S2	CLOSED	Transit should ensure that systematic, effective data analysis drives organizational choices. When decision-makers are determining Transit policy, Transit should provide thorough data analysis to inform deliberations.	Transit has made progress related to data analysis and data-based decision-making. Transit notes that they continue to build on this progress and that service planning, more comprehensive use of performance indicators and specific operational analyses are specific examples of actions they have taken. Although there continue to be opportunities to expand data-driven decision-making, sufficient progress has been made that this recommendation will not be prioritized for further follow-up.
FINANCIAL AND CAPITAL PLANNING			
#	Quick Status	Recommendation	Status Detail
A1	DONE	Transit should create an updated version of the financial model that facilitates sensitivity analysis and has complete documentation and explicitly identified assumptions. This model should be made available to external parties such as the Office of Management and Budget and council committee staff.	An updated financial model has been developed that includes a tool to facilitate sensitivity analysis. Although it remains quite complex and there are opportunities to increase transparency, it is more explicit and it has been shared with key users.

A2	DONE	Transit should propose updated financial policies; particularly those related to sales tax distribution and cost growth for consideration by the Regional Transit Committee and the King County Council.	Updated financial policies related to sales tax distribution have been adopted by County Council. Cost growth policies have been incorporated into the strategic plan.
A3	CLOSED	Transit should revise its assumptions to improve the accuracy of projections for capital expenditures and capital grant revenue.	Transit has developed a new methodology for projecting capital underexpenditures and for tying grant revenue to actual expenditure timing; however, it is unclear whether the new practices will result in more accurate projections. Transit has no further plans to modify their approach. This recommendation will not be prioritized for further follow-up.
A4	DONE	Transit should develop a plan for reducing the size of the Revenue Fleet Replacement Fund (RFRF) balance and submit the plan for council approval.	Transit transferred \$100 million out of the RFRF and new financial policies changed the target fund balance from 50% of fleet replacement costs to 30%.
A6	PROGRESS	Transit should create economic replacement analysis model to inform its vehicle replacement decisions, starting with a model for the Revenue Fleet.	Transit contracted with Portland State University to develop a comprehensive economic replacement model. Transit has not begun utilizing the model. KCAO has concerns about the potentially significant cost impact of the delay in implementation. We plan to submit a memo with more detailed discussion of economic replacement analysis in February 2013.
A7	CLOSED	If Transit wishes to continue to use Fleet Administration's replacement criteria for its Non Revenue Vehicle (NRV) Fleet, it should complete its review of Fleet Administration's operations and maintenance data. If Transit chooses not to use Fleet Administration's replacement criteria, economic replacement analysis should be used for non-revenue vehicles. Note: This recommendation is comparable to the 2006 County Vehicle Replacement performance audit recommendation.	Based on the passage of Ordinance 17390 (July 2012) this recommendation is no longer applicable. Transit states that Fleet Administration set replacement standards at 100,000 miles for light duty vehicles and that Transit is adhering to that standard.

A8	CLOSED	In 2005 we recommended that Transit complete its comprehensive Asset Management Guidebook, including all Asset Management efforts currently underway within the division. We continue to recommend that the comprehensive Asset Management Guidebook be completed.	Transit did not concur with this recommendation. They report that they are in compliance with all state and federal asset maintenance requirements. Although we made this recommendation in 2005 and again in 2009 we will close the recommendation as incomplete.
A9	DONE	Transit should implement a Facilities Condition Index and systemwide targets for condition ratings for the Transit Facilities Condition Report.	Transit is participating in APTA's 'State of Good Repair' project. This project includes Asset Condition Reporting, a similar concept to our recommended Facilities Condition Index. Implementation of Asset Condition Reporting has begun and will continue over the coming year.
A10	PROGRESS	In its 2010 update to the Transit Comprehensive Plan, Transit should ensure that it fully incorporates all elements of facility master planning. This is comparable to a recommendation made in 2005.	The 2012 County Council adopted budget included a proviso requiring a facilities master plan for two base complexes due to Council by May 2013. Transit notes that they are focusing on developing plans for these two bases. Following this, they will expand facility master planning to remaining Transit facilities.
A11	DONE	Transit and the council should consider all relevant factors, including costs, when determining an appropriate fleet replacement for the trolley buses.	Transit submitted an analysis of fleet replacement to the County Council in May 2011. This analysis considered all relevant factors.
A12a	DONE	Transit should develop and propose fare policy goals to the Regional Transit Committee and King County Council that are clearly tied to Transit's strategic plan and are representative of Transit's agencywide goals and objectives. These goals should be used as a basis for making fare policy decisions.	Transit's 2011-2021 Strategic Plan includes a description of the recommended fare policy goals in Strategy 6.3.2. Proviso P1 in the 2013 budget requires using Strategy 6.3.2 in an upcoming fare report and plan for fare changes planned for 2014. This report is due to Council by August 1, 2013.

A12b	DONE	As part of adopting fare policy goals, Transit should define and monitor a target farebox recovery ratio. This ratio should include only bus fares and bus fare related revenues divided by only bus operating expenses.	Transit has developed a farebox recovery ratio of 25%. For 2011 the actual recovery was 27%. The farebox recovery formula largely mirrors our recommended ratio, but also includes data that allows Transit to more effectively compare to other jurisdictions.
A12c	PROGRESS	Transit and policy-makers should consider further utilizing fare policy changes to generate additional revenues to assist in funding Transit operations.	Transit has begun the process of evaluating fare changes for 2014.
A13	CLOSED	Transit should update and fully document the formula used to assess the City of Seattle's payment for the Downtown Seattle Ride Free Area to reflect current ridership and operating conditions including trips that are attracted by virtue of free fares. Transit and the council should then consider revising the agreement with the City of Seattle.	Based on the elimination of the Ride Free Area, this recommendation is no longer applicable.

SERVICE DEVELOPMENT / SCHEDULING

#	Quick Status	Recommendation	Status Detail
B1b	DONE	Transit's planned standards/guidelines document should be completed, formally adopted, and published, providing a policy guide for Transit staff and reference document for external stakeholders.	The King County Metro Service Guidelines were adopted by County Council July 2011. Our office conducted a preliminary review of the guidelines in December 2011 and concluded that they were diligent in the implementation of the standards and that they met their own criteria for having guidelines that are current, concise, transparent, and action-oriented. Transit notes that they are regularly applying the guidelines to all service decisions.
B1c	PROGRESS	Transit should develop a process and procedures for periodic global optimization of its bus system schedule. This should include reviewing and completing the deadhead matrix.	Some global optimization has been implemented and Transit notes that they plan to continue working toward global efficiencies. Transit is considering purchasing a HASTUS module, Geo, that would help them to successfully implement global optimization; however, they have

			some concerns that additional global optimization could result in complexity and cost. The analysis has not been conducted to evaluate savings tradeoffs for these additional complexities and costs. The deadhead matrix has been substantially completed.
OPERATOR AND TRANSIT POLICE STAFFING			
#	Quick Status	Recommendation	Status Detail
C1	DONE	Transit should capture additional data and modify current data sources to aid in the analysis of the relationship of staffing levels and staffing resource utilization to performance.	With the data now available and with new analytic techniques, Transit is much better able to determine the “just right” level of staffing needed as service levels are redesigned, as staff vacancies occur and as staff take leave. Through closer monitoring of staffing needs, strategic hiring practices and more flexible use of part-time staff and System Board operators, Transit has been able to reduce the number of drivers that make up the reserve pool comprised of Extraboard and System Board Operators. Transit has been able to achieve this reduction without negatively impacting service.
C8	PROGRESS	Transit should develop a long-term vision and plan for the Metro Transit Police (MTP) that includes a vision, goals and objectives, as well as measures and targets to track progress towards achieving these goals and objectives. This should be integrated with Transit’s strategic plan.	MTP has undertaken many positive steps related to this recommendation including developing a vision and mission statement, including strategies and measures, and regularly calculating and communicating performance measurement. A remaining challenge includes nonspecific goals and objectives that make it difficult to track achievement. In addition, MTP should document targets for each measure, regular measure analysis, and plans that have resulted from measure analysis.

ACCESS PARATRANSIT SERVICES			
#	Quick Status	Recommendation	Status Detail
D3	DONE	Transit should submit a plan to council detailing the potential savings and impacts on customer service if Transit adjusts paratransit service and fares to levels allowed by the ADA.	Transit proposed service changes in the 2013 budget proposal focusing Access service between 9am and 6pm. They projected a savings of \$2.5million in 2013-2014. County Council requested a report detailing public outreach efforts by April 1, 2013.
D4	PROGRESS	Transit should develop a thorough staffing model that incorporates workload factors and processes, efficiency benchmarks, impacts of workload changes on staffing needs, and effects of staffing changes on Access performance.	Transit reports that efforts are still underway in development of an Access staffing model.
D5	DONE	Transit/Access should monitor and enforce its contract incentives and penalties for a period of one year, and then re-evaluate their usefulness as a tool for improving productivity and performance.	Transit reports that enforcements of contract penalties decreased missed Access trips by 36%. They report that it was not clear whether contract incentives for meeting productivity targets was effective because contractors rarely met the target or received the incentive.
VEHICLE MAINTENANCE			
#	Quick Status	Recommendation	Status Detail
E2	PROGRESS	Transit should track and monitor planned and unplanned vehicle maintenance work and formulate a strategic approach to manage unplanned work.	Transit has begun to monitor planned and unplanned maintenance and has made progress toward a strategic approach. There are additional opportunities to set goals, targets, and regularly measure outcomes.

E3a	PROGRESS	Transit should regularly monitor adherence to vehicle maintenance productivity standards and work to ensure consistency in the standards across bases.	Transit has made progress in establishing a system wide productivity program. Policies and procedures are in draft form and training is planned for implementation in 2013.
E3b	DONE	Transit should expand vehicle maintenance productivity standards beyond preventive maintenance inspections (PMIs) to other routine jobs.	Transit has made progress in expanding productivity standards beyond PMIs. A large number of non-PMI work has been evaluated for time standards. A team meets weekly to continue development of time standards for all maintenance work.
E3c	PROGRESS	Transit should establish a systemwide vehicle maintenance productivity program, expanding on current productivity standards and performance measures.	Transit has made progress in establishing a systemwide productivity program. Policies and procedures are in draft form and training is planned for implementation in 2013.

EMERGENCY COMMUNICATION

#	Quick Status	Recommendation	Status Detail
F1	DONE	Transit should develop a detailed implementation plan and timeline for integrating new on-board and central communications systems (OBS/CCS) data with their existing data processing tools and data streams as the new system comes online.	Transit developed a plan and timeline for data integration. They report that they are working through the integration issues and continue to review the data reports for reliability and validity.
F2a	PROGRESS	Ensure that the update to Transit's strategic plan includes elements related to effective customer communication, standards for Transit's communication of changes in bus schedules or reroutes to customers, and metrics for measuring Transit's performance that include customer feedback.	Transit has made some progress in addressing this issue and is in the process of developing metrics for the next strategic plan to address customer communications during emergencies.
F2b	DONE	Complete analysis of the communications options and developing a prioritized implementation plan. The analysis should assess how each option would meet Transit's communications goals and the potential costs and benefits of each option.	Transit has developed a customer information systems technology plan which includes a prioritized 2012-2016 implementation schedule to address a number of current limitations with various customer information tools.

Kymber Waltmunson, Senior Principal Management Auditor, conducted this follow-up review with support from the original audit team. Please contact Kymber at 296-0383 or me at 296-1655 if you have any questions about the issues discussed in this letter.

Attachment: Appendix: Implemented Recommendations

cc: Dow Constantine, County Executive
Rhonda Berry, Assistant Deputy County Executive
Harold Taniguchi, Director, Department of Transportation (DOT)
Kevin Desmond, General Manager, DOT
Christine Anderson, Interim Deputy General Manager, DOT
Jill Krecklow, Finance Manager, DOT
John Resha, King County Council (KCC) Analytical Staff
Paul Carlson, KCC Analytical Staff

Implemented Recommendations

These 21 recommendations were reviewed and concluded to be implemented at the initial audit follow-up in April 2011.

FINANCIAL AND CAPITAL PLANNING			
#	Quick Status	Recommendation	Status Detail
A5	DONE	Transit should address technical issues with its economic analysis model and provide it to the auditor's office to confirm its accuracy.	The auditor's office has evaluated the model and believe that it is technically sound.
A12d	DONE	Transit should reintroduce senior/disabled/youth fare discounts in line with peers and peg discounted fares to base fares by specifying a percentage discount.	Transit has moved discounted fares into alignment with other regional transit entities and recommended pegging discounted fares to base fares.
SERVICE DEVELOPMENT / SCHEDULING			
#	Quick Status	Recommendation	Status Detail
B1	DONE	Transit should develop a plan to implement the schedule efficiency tools related to service development in recommendations B1 a-j. The plan should identify efficiency targets and propose a timeline for putting each tool into operation.	Transit has developed a plan for implementation of schedule efficiency tools that includes timelines, targets, and impacts. They report that they are exceeding their savings targets set forth in the plan and have achieved 80,744 hours of savings to date of a total target of 125,000 hours.
B1a	DONE	Transit should expand its set of efficiency indicators (as noted in <i>Technical Report B: Service Development, Appendix A</i>) and goals and use them as targets when developing schedules. These goals should be used by management to monitor the performance of the service development group and regularly communicated to decision-makers.	Transit developed a Scheduling Efficiencies report that includes the audit's recommended performance metrics. Progress toward goals is calculated and communicated.
B1d	DONE	Transit should employ a systematic percentile-based cycle time analysis process systemwide. This system should consider both the variation of trip times within a time period (run time) and time gaps between busses (headways) to determine a minimum round trip cycle time that can be used with confidence for scheduling purposes.	Transit reports that they have implemented cycle time analysis in new schedule development in 2010/2011 and plans to continue using this process. Transit reports that they have achieved 27,000 hours of schedule efficiencies.
B1e	DONE	Transit should utilize HASTUS' Minbus module to implement scheduling procedures that assign vehicles to service trips most efficiently.	Transit reports that each scheduler now uses HASTUS' Minbus module when updating vehicle schedules.
B1f	DONE	To develop the most efficient run cut, Transit's HASTUS CrewOpt module should be utilized rather than the current manual runcutting process.	Transit reports that each scheduler now uses HASTUS' CrewOpt module when updating operator assignments.

BIg	DONE	Transit should ensure full calibration of HASTUS to support schedule efficiency and to reduce the time required to produce schedules.	Transit reports that HASTUS has been fully calibrated.
BIh	DONE	Transit should develop a systematic process for ensuring that accurate costs are programmed into HASTUS and ensure that it is updated on a regular basis.	Transit reports that they updated costs in HASTUS in 2010 to reflect calculations prepared during the audit process and that they are updating HASTUS again with 2011 costs.
BIi	DONE	Transit should maintain accurate data in HASTUS data fields, including restoring algorithm-related data fields to their intended use and creating new user-defined fields as needed for external systems; populating minimum recovery durations for each trip with performance-driven minimum recovery (using the results of cycle time analysis described in Chapter 4); and populating allowed vehicle groups for each trip.	Transit reports that data fields in HASTUS have been populated with accurate data.
BIj	DONE	Transit should ensure that Service Development staff have the knowledge to fully utilize the HASTUS system.	Transit has invested resources in expert HASTUS training, updating their skill sets and teaching new scheduling approaches. Ongoing training is planned.

OPERATOR AND TRANSIT POLICE STAFFING

#	Quick Status	Recommendation	Status Detail
C2	DONE	In order to more effectively manage the costs of planned and unplanned operator leave, the following issues should be addressed: 1) Transit should quantify the cost impacts of leave procedures, and the county's representatives should take these costs into consideration when negotiating the next labor agreement; 2) Transit should adjust its payroll procedures so that operators who run out of sick leave do not automatically default to unpaid leave of absence in conformance with the labor agreement; and 3) Transit should utilize data available in HASTUS to monitor sick leave usage in accordance with the collective bargaining agreement.	1) Transit has quantified the cost impacts of some bargaining elements. The level of detail for the analysis depends on the likelihood of inclusion in bargaining. 2) The automatic default in the payroll system has not been resolved; however, Transit has manual processes in place to catch transitions between sick leave and unpaid leave of absence. 3) Transit has developed reports in HASTUS to better monitor leave usage.
C3	DONE	Transit should further investigate opportunities and incentives for more extensive use of overtime in lieu of full-time staff, when such use would be cost effective, and more extensive use of part-time operators to provide backfill in lieu of using the Extra Board.	Transit has identified and implemented opportunities to use overtime over full-time staff. Transit successfully bargained for changes to the collective bargaining agreement that will increase Transit's ability to use staff more cost effectively, including more extensive use of overtime and the creation of a System Board (staff who fill in at any base).

C4	DONE	Transit and Metro Transit Police (MTP) management should identify opportunities to use lower cost staffing options and implement them when they are consistent with security objectives.	Transit and MTP completed analysis of staffing options, using it in combination with political and environmental factors to make staffing decisions. The analysis informed decisions related to security contracts and fare enforcement staffing decisions on Rapid Ride.
C5	DONE	The Metro Transit Police should strengthen its staffing management practices by employing a more statistically sound approach to planning its staffing needs and by regularly updating its employee absences to reflect actual absences and backfill needs of Transit Police Officers.	MTP has completed analysis to better understand staffing needs, particularly the need for backfill relief. In conjunction with departmentwide efforts of the Sheriff's Office, MTP is more carefully tracking non-deployable officer time and using an updated relief factor to estimate staffing needs. A statistical approach to planning staffing needs would be more accurate; however, the responsibility to develop and use such a tool lies with the Sheriff's Office rather than with Transit.
C6	DONE	The Metro Transit Police should work with its employees to schedule their comp time absences and avoid the need to backfill whenever possible.	MTP provided training regarding use and approval of Compensatory Time (CT). Preliminary analysis shows a positive impact on CT use.
C7	DONE	Transit should develop a more precise approach to calculating and charging for Sound Transit's portion of tunnel-related police costs.	Transit's contract with Sound Transit identifies a charge of 40% of staffing costs in the tunnel. The Sheriff's Office tracks and annually reconciles overtime costs for all of its contract partners, including Sound Transit.

ACCESS PARATRANSIT SERVICES

#	Quick Status	Recommendation	Status Detail
D1	DONE	Transit should adopt a comprehensive, fully documented strategic plan and approach to address how productivity goals are to be met and should regularly reassess its paratransit productivity goal, based on historical trends and the anticipated future service environment.	Transit developed a strategic plan for Paratransit that identified 18 strategies that could lead to increased productivity. Transit plans to issue a biannual status report on progress.
D2	DONE	Transit should continue Access' cost containment efforts and monitor their effectiveness while expanding CAT and other alternative service programs proven to effectively offset the cost of the more expensive Access services.	Transit expanded the Community Access Transportation (CAT) program by 25% in 2009. Transit estimates that this resulted in savings of \$3.6 million in 2010. Transit completed this recommendation ahead of schedule.

VEHICLE MAINTENANCE

#	Quick Status	Recommendation	Status Detail
EI	DONE	Transit should initiate a pilot program to extend the preventive maintenance interval to +600/-200 miles on a control fleet at Bellevue Base.	Based on the implemented pilot program and exchange of information with other transit systems, Transit has determined that the inspections can be safely completed between 6,000 and 7,000 miles. They will continue to monitor the data and are currently rewriting the Vehicle Maintenance Plan.

EMERGENCY COMMUNICATION

#	Quick Status	Recommendation	Status Detail
F2c	DONE	Update the website so applications customers use during adverse weather are accessible and easy to use; implement a route specific e-mail notification system; and finally, implement alert information via text messaging to rider cell phones and make key website pages available to customers in a format compatible with mobile devices.	Customer communications during emergencies has improved and has been tested twice thus far in 2010-11. Transit has implemented route-specific e-mail and text message alerts. The website and web offerings have been improved.

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DATE: March 12, 2013

TO: Metropolitan King County Councilmembers

FROM: Cheryle A. Broom, County Auditor

SUBJECT: Follow-up on Transit Audit – Bus Replacement Economic Analysis

Bus Replacement Economic Analysis at King County Transit

This memorandum is an update on the use of economic replacement analysis for bus purchases at Transit. In 2009 we found that Transit did not conduct economic analysis to determine the optimal time to replace its bus fleets. We recommended (A6):

Transit should create economic replacement analysis model to inform its vehicle replacement decisions, starting with a model for the Revenue Fleet.

In response to this recommendation, Transit contracted with Portland State University (PSU) to develop an economic replacement model. However, Transit has not begun to use the PSU model. The next fleet replacement cycle will start in 2014 when decisions will need to be made concerning the replacement of the initial fleet of hybrid coaches. At that time, the timing of the replacement will be determined. A model will need to be in place to support this decision-making process.

Given the magnitude of Transit's cost of owning and operating buses, approximately \$200 million per year, using economic replacement analysis to minimize these costs is particularly important. Economic vehicle replacement analysis considers purchase costs, operating and maintenance costs, and the time value of money to identify the optimal time to replace vehicles. Other county agencies responsible for large fleets (e.g., Fleet Administration) use economic replacement analysis.

Findings and Recommendations of PSU Economic Replacement Modeling

PSU used Transit data on vehicle purchasing and operating costs to conduct economic vehicle replacement analysis for Transit and provided a model to Transit to be used for future economic replacement analysis. Several of the results of the modeling indicate that further consideration of current Transit vehicle replacement practices may be warranted. For example, the PSU study found that:

Vehicle Replacement Age

The optimal replacement age of a diesel bus is 20 years and the optimal replacement age of a hybrid bus is 16-20 years. Transit currently replaces buses, whether diesel or hybrid, after 12-14 years of use.

Vehicle Type

Assuming no Subsidy

In the absence of federal purchase subsidies, diesel buses are more economic than hybrid buses. Transit currently purchases exclusively hybrid buses, and notes that county environmental policy drives this decision.

Assuming 80 Percent Subsidy

Assuming a federal purchase subsidy of 80 percent, hybrid buses are most economic. In other words, if the federal government subsidizes 80 percent of the purchase price, the lower operating costs of a hybrid bus offsets the higher purchase price.

Route Types

The nature of the route (e.g., local with frequent stops vs. express with less frequent stops) may determine whether a diesel or hybrid bus is more economical. However, because Transit did not provide data sufficient to determine the nature of the buses' routes, PSU's modeling could not take the nature of the route into account.

Portland State University Recommended that Transit:

1. Annually update model inputs and rerun the model.
2. Ensure that cost data is associated with the bus route types.

Discussion of the Role of Subsidies in the PSU Analysis

As described above, PSU's analysis found that the amount of federal purchase subsidies is the most important factor in determining whether diesel or hybrid buses are most economical.

Assuming no federal purchase subsidies, diesel buses are more economical under most scenarios while assuming 80-percent federal purchase subsidies, hybrid buses are more economical under most scenarios.

The actual amount of federal purchase subsidies at Transit is not clear. While theoretically, the Federal Transit Administration (FTA) subsidizes bus purchases at a maximum of 80 percent, federal grant revenue available to Transit is subject to an annual maximum, and it appears that actual purchase subsidies are significantly less than 80 percent. Further, a large portion of the federal grants, which Transit has historically used for bus purchases and therefore might consider a purchase subsidy for replacement modeling purposes, would accrue to Transit regardless of whether Transit actually uses this revenue for bus purchases. For example, Transit receives \$50 million per year from an FTA "preventive maintenance grant." Transit historically used this revenue for bus purchases, but more recently has used this revenue for operations. Because this

grant revenue is received regardless of whether it is used for bus purchases, and recently has been used for purposes other than purchasing buses, it should not be considered a purchase subsidy for the purpose of determining whether diesel or hybrid buses are more economical.

Current Status of Economic Replacement Modeling at Transit

Transit received the PSU economic replacement model in December 2011, but has yet to begin using the model to inform its vehicle replacement decisions. Transit has not updated the model with more current information, as recommended by PSU. Transit notes that they have had difficulty getting the model to work on the County's computer systems. Transit has indicated that they will begin using the model as future replacement decisions are being made. According to Transit, the next fleet replacement will involve the first hybrid fleet which was put into service in 2004. Transit indicates it will conduct replacement analysis of this fleet in 2014, and the analysis will include both economic and non-economic factors, such as overall condition of the fleet and user satisfaction.

Follow-Up Recommendations

1. Transit should annually update and run a vehicle replacement model as Portland State University recommended.
2. Transit should generate data on operating costs by route type in order to determine whether diesel or hybrid buses are most economical by route type, as Portland State University recommended.
3. In conducting economic vehicle replacement analysis, federal subsidies that are received regardless of whether they are used for bus purchases should not be considered a purchase subsidy.

Larry Brubaker, Senior Principal Management Auditor, conducted this follow-up review. Please contact Larry at 296-0369 or me at 296-1655 if you have any questions about the issues discussed in this letter.

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